

## 19 December 2014



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## Wood Resources International: U.S. pellet exports up in Q2

By Wood Resources International LLC | December 16, 2014

Total shipments of wood pellets from North America to Europe plateaued in 2014 after almost four years of continuous increases. During the first two quarters of 2014, exportation from Canada and the U.S. were just over 1.3 million tons in each of the two quarters. This was down from the all-time-high of almost 1.4 million tons in the 4Q/13, according to the latest issue of the North American Wood Fiber Review.

Pellet volumes shipped out of Canada to Europe have actually fallen by almost 25 percent from the 4Q/13 to the 2Q/14, while volumes leaving the ports in the U.S. South did go up 10 percent during the same time period.

Practically all wood pellets produced in British Columbia since the first major pellet plant was built over 15 years ago have been consumed by energy companies in Europe. However, since late last year, there has been a shift in direction for some of the pellets manufactured in the province; rather than being sent on the 16,000 kilometer long journey to the United Kingdom or the Netherlands, they are being shipped to markets in Asia, a trip that is only about half as far.

South Korea and Japan together imported about 100,000 tons of pellets from British Columbia in the 2Q/14, which accounted for 17 percent of the total exports from the province that quarter, reported the NAWFR (<a href="www.woodprices.com">www.woodprices.com</a>). This can be compared to a quarterly average of only 30,000 tons during the period 2010-2012. This shift to markets in Asia is likely to continue because demand for biomass is rising in this region. The reduced shipments to Europe from Western Canada can be expected to benefit other supplying regions to Europe, including the U.S. South, Eastern Canada and Northwestern Russia.

There are multiple factors which are likely to increase pellet shipments from the U.S. South to Europe in the second half of 2014. These factors include continued interest from governments in Europe in shifting from fossil fuels to renewable energy sources, the approaching winter, with its increased demands for fuel to heat homes, and the soaring tensions between Ukraine and Russia, which have implications for energy security for Europe.

(Note. Due to irregularities withCustoms data, NAWFR collects trade data from a number of sources including Canadian and U.S. customs export data,

*European import data and from quarterly conversations with both pellet exporters and portcontacts.*)

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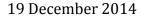
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